



City of El Paso

Accounts Payable Manual

September 2014

Prepared by:
Office of the Comptroller
Financial Transactions Division

“We provide financial stability by managing the City’s resources with diligence and integrity. This enables City Government to function effectively and make informed decisions on behalf of its citizens and customers. We commit to outstanding customer service and continuous improvement through teamwork, innovation and technology.”



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CITY OF EL PASO

Accounts Payable Manual

1.0 INTRODUCTION

This manual has been written in accordance with the City of El Paso's administrative policies and fiscal rules currently in effect. The Financial Transactions Division of the Office of the Comptroller is responsible for this manual. Any questions may be directed to the Financial Transactions Division. Contact information is provided below. Contact information is also available by calling the operator at 915-212-1155.

The topics covered in this document are intended to address questions commonly asked of the Accounts Payable personnel. Please contact us if you have additional questions or if you have recommendations on improving this document. Your comments and suggestions are always welcomed.

ACCOUNTS PAYABLE CONTACT INFORMATION:

Mail Delivery

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El Paso, Texas 79901

General Telephone

915-212-1155

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915- 212-0042

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2.0 PURPOSE

The Accounts Payable (AP) manual contains policies and procedures related to the recording and payment of vendor invoices for the City of El Paso (“**City**”), including both purchase order and non-purchase order items. These policies are intended to be guidelines for staff responsible for processing vouchers through the PeopleSoft Accounts Payable module. The responsibility to observe these guidelines belongs to all employees who process and/or approve vouchers for their department.

The purpose of the Accounts Payable is to ensure all payments are done in accordance with generally accepted accounting principles. The responsibility of Accounts Payable is to assess payments for: goods and services rendered by vendors, reimbursements to employees, travel expenses, and other.

3.0 GOALS and OBJECTIVES

- 3.1 The following goals have been identified for all Accounts Payable staff:
 - 3.1.1 Direct PO’s less than \$3,000.00 do not require quotes.
 - 3.1.2 Process payments over \$3,000 without a Purchase Order, see section 7.2.
 - 3.1.3 Process payments over \$3,000 with a Purchase Order requirements
 - 3.1.4 Process
 - 3.1.5 Maintain and coordinate records management for vouchers at department level.
- 3.2 Encourage vendors and employees to sign up for Direct Deposit
- 3.3 Responsible for Accurate and timely payments to all vendors
- 3.4 Respond to vendor questions and City departments on time and with professionalism.
- 3.5 All requests for payments must have supporting documentation and authorized approvals regardless of the amount being paid.
- 3.6 Stop Payment/Cancelled Check.
 - 3.6.1 Departments requesting a stop payment due to lost or stop payment should contact Office of the Comptroller with an explanation.
 - 3.6.2 Re-issue payments will be processed by the Office of the Comptroller.
- 3.7 Daily Check Run to ensure vendor payments paid on time.
 - 3.7.1 Run Matching Process three to five times per day or as needed.
 - 3.7.2 Process payments (check run) for all City and Tax Office obligations daily.
 - 3.7.3 Mail hard copy checks and advices to vendors.
 - 3.7.4 Review total payments against queries and GL-daily.
 - 3.7.5 Process voids and voucher re-issues as necessary.
 - 3.7.6 Assist with vendor updates especially those relating to a Notice of Assignment or a Notice of Levy.
 - 3.7.7 For the Office of the Comptroller, process Vouchers for Departments not having AP Staff
 - 3.7.8 If no terms stated on invoice, the City will utilize N30.

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- 3.8 Separation of Duties must exist for;
 - 3.8.1 Staff entering receivers
 - 3.8.2 Staff processing Vouchers
 - 3.8.3 Staff approving vouchers
 - 3.8.4 Staff processing requisitions
 - 3.8.5 Staff approving requisitions
- 3.9 Internal Revenue Service (I.R.S.) regulations for vendor payments
 - 3.9.1 All vendors must have documentation (W9 Form) on file.
 - 3.9.2 A vendor package is required by the Purchasing Department in order to set up vendor information
 - 3.9.2.1 Vendor package includes:
 - 3.9.2.1.1 Accounts Payable Direct Deposit Form
 - 3.9.2.1.2 Conflict of Interest Questionnaire
 - 3.9.2.1.3 W-9 , I.R.S. form
 - 3.9.2.1.4 Vendor Information Form
 - 3.9.2.1.5 See section 15.0 for more information
- 3.10 Process month and end on time and accurately.
- 3.11 Process Year End form 1099M annually for vendor payments in accordance with the I.R.S. rules.
 - 3.11.1.1 Information for 1099M is stored in the vendor set up.
 - 3.11.1.2 Respond to B-Notices issued by the I.R. S.

4.0 DEFINITIONS

- 4.1 **Accounts Payable** – An accounting entry that represents the City’s obligation to pay off an invoice for the purchase of goods or services by a specific date. The entry is found on the balance sheet under current liabilities. An accounts payable is recorded in the Accounts Payable sub-ledger at the time an invoice is posted to the general ledger as an outstanding or open liability because it has not yet been paid. Once a payment is processed the accounts payable balance is reduced by the amount of payment issued to the vendor.
- 4.2 **Automatic Clearing House (ACH)** – an electronic network for financial transactions that allows the transfer of money directly from one account to another at the request of the owner. ACH credit transfers include direct deposit for payroll and vendor payments.
- 4.3 **Gift** – as per Ordinance 017112, means any gift, benefit or other economic gain or economic advantage to an officer or employee or to a relative of an office or employee.
- 4.4 **Notice of Assignment** – A written notice that is provided to the City to indicate that a vendor has assigned their rights of payment to a third party. The letter obligates the City to make payments for the vendor to a third party.
- 4.5 **Notice of Levy** – A tool used by the Internal Revenue Service to collect money owed by the taxpayer named in the notice.
- 4.6 **Vendor** – Any entity that supplies goods or services to the City.
- 4.7 **Voucher** – an electronic document recording a liability allowing for the payment of an invoice or debt.

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5.0 STRUCTURE OF ACCOUNTS PAYABLE SYSTEM

- 5.1 The City maintains a decentralized Accounts Payable system. Each department is responsible for entering, processing and approving vendor obligations for non-payroll distributions.
- 5.2 Documentation for payment is maintained at the department level and is required to be electronically attached to the voucher.
- 5.3 Departments are responsible for processing vouchers accurately and in a timely manner with approval by the appropriate supervisory personnel.
- 5.4 The Accounts Payable section of Financial Transactions division processes vouchers for various departments who do not have access to the PeopleSoft Accounts Payable module.
 - 5.4.1 Process pension refund vouchers and other expenses for Pension Administration and other departments that may not have accounts payable staff.
- 5.5 Payments are processed centrally through the Financial Transactions Division of the Office of the Comptroller by either paper check or direct deposit.
- 5.6 The Financial Transactions Division also provides organizational leadership, guidance, training and operational control related to accounts payable within each City department.

6.0 GENERAL PROCEDURES FOR ALL TYPES OF PURCHASES

- 6.1 An electronic version of a voucher form can be found on the Office of the Comptroller, Financial Transaction Division web page.
- 6.2 Departments are responsible for ensuring that the accounting distribution used for purchases are appropriate and have sufficient budget. If related to a Purchase Order (PO), the system will provide the accounting lines from the purchase order
- 6.3 Vouchers should not be processed until all documentation is obtained and authorization has been received from the appropriate supervisor.
 - 6.3.1 Invoices should be processed within ten (10) business days of receipt.
 - 6.3.2 All dates, terms, and invoice numbers must be entered exactly as listed on the original invoices without exception. If PO related, all terms must be met according to the PO. Do not change the payment terms.
 - 6.3.3 Use the “comments” link to enter the customer number, description, or any other code that may help the vendor to identify the invoice being paid.
 - 6.3.4 Use DocLink to electronically attach supporting documentation to voucher.
 - 6.3.5 Invoices should be electronically reviewed and approved in the Peoplesoft System by an authorized supervisor.
- 6.4 If an original invoice or payment request is not available, a faxed copy or copy of the original can also be used in lieu of the original.
 - 6.4.1 The department should certify that the document is being used as the original copy by indicating as such on the face of the document.
 - 6.4.2 The words "Use as Original" or "Original" with an individual's initials/date is appropriate.

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- 6.4.3 Department staff is certifying that no other invoice or document has been received or paid and it is appropriate to pay off of the fax/copy.
- 6.4.4 The document should also be footed and cross-footed to ensure the accuracy of the calculations made by the vendor.
- 6.4.5 To avoid duplicate payments, vouchers should not be made from statements.
- 6.5 All invoices should be reviewed for compliance with approved agreement amounts and terms prior to payment. All invoices should follow the PO terms.
 - 6.5.1 The supervisor, or authorized official should review and sign off on the document to ensure that there is compliance with the contract or quoted prices.
 - 6.5.2 If an invoice price does not match the quoted price, do not process. Instead,
 - 6.5.2.1 Keep in mind that the original price was approved on an agreement, contract, Purchase Order, and or the basis of three quotations or a formal bid process. More than likely, the cost was the determining factor. It is important that the original prices match the invoice prices.
 - 6.5.2.2 Contact the agency and determine why there is a discrepancy between the invoice price and the quoted price.
 - 6.5.2.3 Immediately notify Purchasing staff and appropriate department supervisor.
 - 6.5.2.4 Wait until the Purchasing staff has reviewed and approved the invoice for payment. Only the Purchasing Division may authorize price increases to any contract.
 - 6.5.2.5 Document the discrepancy and obtain signature of appropriate supervisor.
 - 6.5.3 If the payment terms on the invoice do not match the payment terms provided by the contract or Purchase Oder, then you may contact the vendor and request a corrected invoice that reflects the contract terms or you may adhere to the terms on the contract.
- 6.6 Once the “Voucher Packet” is completed, payment is processed electronically in the PeopleSoft system. See section 3.8.2.1. A Voucher Packet consists of a: W-9 Form, Vendor Information Form, Conflict of Interest Questionnaire, and Direct Deposit form.
 - 6.6.1 The voucher will be:
 - 6.6.1.1 Matched by an electronic process, this process is done three to five times a day or as needed. Matching process matches the voucher, the purchase order and the receiver.
 - 6.6.1.2 Budget checked by an electronic process , and
 - 6.6.1.3 Submitted by department clerk electronically for approval to the appropriate department supervisor
 - 6.6.2 Two departmental approvals- Department supervisors will electronically approve the voucher.
 - 6.6.3 If the payment is \$3,000 or more, the voucher request to approve is electronically routed to the Comptroller office for final approval.
 - 6.6.3.1 Effective September 1, 2009, all payments over \$3,000 will require approval from upper level management in the Office of the Comptroller.

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- 6.6.3.2 All payments will continue to be electronically routed through the workflow system.
- 6.6.3.3 The voucher will not be marked as “approved” until the Office of the Comptroller designee, has signed off on the voucher.
- 6.6.3.4 A check run is processed every day starting at 9:30 am
- 6.6.3.5 All vouchers must be approved and budget checked with valid status in order to issue an ACH or check payment to the vendor.
- 6.6.4 Once the payment is processed, a check is cut to the vendor. If the vendor has submitted a direct deposit sign-up form, then payment will be made by ACH and submitted to their bank account on file.
- 6.7 All voucher packets should be easily available and filed in a systematic manner at the department level.
 - 6.7.1 Invoices shall be maintained in the department of origination by fiscal year, then by vendor name and then by invoice number.
 - 6.7.2 The retention life of a source document is three years unless otherwise governed by grant, debt or other retention periods.
 - 6.7.3 Records retention will facilitate any internal or external reviews as deemed necessary.
- 6.8 Gift cards from any store/vendor are not an allowable City purchase unless they are a part of a City program.
- 6.9 All individual payments over \$100,000.00 must be made via direct deposit. No payments for this amount will be submitted with a check.
- 6.10 For purchases of \$3,000 to \$49,999, three (3) quotes must be obtained by the department and reviewed by the Purchasing Division
- 6.11 For purchases \$50,000 or more, the formal bid process must be followed.
 - 6.11.1 For additional information on the bidding processes please see the Purchasing Procedure Manual.

7.0 NON-ENCUMBERED VOUCHER

- 7.1 Payments less than \$3,000
 - 7.1.1 May be processed with an Unencumbered Voucher.
 - 7.1.2 These purchases do not require a purchase order.
- 7.2 Payments over \$3,000 –Some expenditures may be exempt from the standard Purchasing requirements. The following exemption list is as follows:
 - Appraisal and Legal Notices
 - Remittance of Payroll General Deductions
 - Remittance of Payroll Tax Liabilities
 - Remittance of Pension Contributions
 - Remittance of Pension Refunds
 - Payments made as Fiscal Agents for other entities (i.e CRRMA, Pension Administration)
 - Payments made on behalf of Consolidated Tax Office for tax refunds, or agency distributions
 - Remittance of payroll health insurance contributions

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- Remittance of payroll unemployment contributions
- Purchase of Evidence and Purchase of Information (Grants)
- Undercover funds
- Confidential Informants (Confiscated funds)
- Rental payment for City Pension Office
- Books, subscriptions, publications
- Legal settlements, Court Reporter, Damages, Interpreters & Deductibles
- Professional services for attorneys
- Payments required by regulatory agencies
- Utility Payments
- Construction Payments for Housing Programs
- Payments of Claims such as to granting agencies for disallowed expenditures
- Purchase of Land or Right of Ways
- Refunds
- Stipends
- Tax payments
- Travel
- Registration fees to include training, seminars, and conferences
- City Wide Telephone Services-Ti-Voip
- Fire Ringdowns-Government Agency
- Insurance Deductions-Texas Municipal League
- Medical Insurance payments
- Medicare Advantage payments
- Health Fund Consulting
- Various Insurance policies (Property, Liability, bonds, etc.)
- Reimbursement of Capital Expense-LULAC, Sun City Cab and Volar

8.0 ENCUMBERED PURCHASES OVER \$3,000)

- 8.1 Purchases over **\$3,000 but less than \$49,999**
- 8.1.1 In order for payment to be processed, a Purchase Order is required for all purchases that are at least \$3,000 but less than \$49,999.
- 8.1.2 The informal bid process is required
- 8.1.2.1 The department must obtain three vendor quotes.
- 8.1.2.2 The Purchasing staff reviews quotes and issues a purchase order to vendor.
- 8.1.3 The contract and/or price list is required to be on file at the department level.
- 8.2 Processing an Encumbered Voucher
- 8.2.1 When a department receives goods/services and accepts such goods/services, the payment will be processed through the Accounts Payable system.
- 8.2.2 A “Three Way Matching” system is utilized in order to ensure that a payment is deemed appropriate.

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- 8.2.3 The following three documents must be matched in order to process payment:
 - 8.2.3.1 Purchase Order
 - 8.2.3.2 Receiver
 - 8.2.3.3 Voucher
- 8.3 Approving an Encumbered Voucher
 - 8.3.1 All invoices should be reviewed for compliance with quoted prices prior to payment.
 - 8.3.2 If an invoice does not have the price listed on the quotation, do not process payment until the issue is resolved.
- 8.4 Once the “Voucher Packet” is completed, payment is processed electronically in PeopleSoft system.

9.0 ACH RETURNS

- 9.1 Treasury Division will notify the Financial Transactions Division (Accounts Payable) if an ACH payment is returned by the bank and provide a CW# to process the direct journal payment
- 9.2 The AP section will review the vendor file and contact the appropriate department for assistance as to whether or not the ACH information should be updated or deleted.
- 9.3 The AP Section will void and re-issue the ACH payment and process the direct journal payment in the AR PeopleSoft

10.0 CONTRACTUAL AGREEMENTS WITH OTHER GOVERNMENTAL AGENCIES

- 10.1 Contractual Agreements
 - 10.1.1 Contractual Agreements with other governmental agencies may be entered as Contractual Agreements through the purchase order system.
 - 10.1.2 These agreements will encumber the City’s contractual obligation against approved budgetary authorizations.
 - 10.1.3 These quasi-purchase orders are electronically labeled as “CE#####” when entered into the People Soft system.????
 - 10.1.4 A copy of the contract should be on file at the department level, otherwise contact Purchasing for a copy.
- 10.2 Processing a Contractual Agreement Voucher
 - 10.2.1 When a department deems it appropriate to pay a governmental agency for a portion or all of the contractual agreement, the payment will be processed through the Accounts Payable system.
 - 10.2.2 The following documents must be matched in order to process payment:
 - 10.2.2.1 Agreement and/or resolution approved by Council, (receiver) and
 - 10.2.2.2 Original invoice or payment request from agency (voucher).
- 10.3 Approving a Contractual Agreement Voucher
 - 10.3.1 All invoices should be reviewed for compliance with approved agreement amounts prior to payment.

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- 10.3.2 If an invoice does not have the contract price, do not process payment until issue is resolved.
- 10.4 Once the “Voucher Packet” is completed, payment is processed electronically in the PeopleSoft system. .

11.0 CREDIT MEMOS

- 11.1 A vendor credit memo is used to record a credit memo from a vendor when a credit is being issued to the City’s account.
- 11.2 The department using a non-encumbered voucher should enter all credit memos.
- 11.3 Credit memos must be processed immediately.
- 11.4 Credit invoices should be entered as negative vouchers.
 - 11.4.1 Credit memos should only be processed with subsequent vendor invoice(s) that are ready for payment on the next check run.
 - 11.4.2 On the Payment Panel, click on the message tab and enter the relevant credit memo information, e.g. apply credit memo number to the following voucher.
 - 11.4.3 If a credit memo is entered by itself, any department having an invoice ready for payment will have the credit memo applied to that invoice, regardless of the department that enters it into PeopleSoft.
 - 11.4.4 In the event that a credit memo cannot be used in conjunction with another subsequent vendor invoice, please contact the Office of the Comptroller.
 - 11.4.5 A determination will be made to solicit a direct refund from the vendor or apply to another department’s invoice(s).

12.0 DELEGATION OF AUTHORITY

- 12.1 Each department should have an appropriate supervisory personnel assigned to various delegations of authority to act on behalf of the department head in the event that the department head is unavailable for signature and or approvals.
- 12.2 All delegations should be in writing to indicate consent provided by Department Head, list of those given consent, and in what areas personnel are given consent.
- 12.3 Examples of types of delegation of authority are: Payroll, operations, budgets, cash management, purchases, etc.

13.0 DISCOUNTS RETURNS AND ALLOWANCES

- 13.1 Some vendors are willing to offer discounts in exchange for early payments. ***Do not accept cash discounts or rebates.***
- 13.2 Each City department should take advantage of discounts through the proper channels which are offered through the PeopleSoft system.
- 13.3 In processing Returns and Allowances, City departments are accountable for promptly depositing refunds and applying to the proper accounting distribution code.

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- 13.4 Payment terms may include the offer of a cash discount for paying an invoice within a defined number of days. For example, the payment terms of 2/15 net Thirty (30) means that the City must pay within 30 days of the invoice date, but will receive a 2% discount if payment is made within 15 days of the invoice date.
- 13.5 Discount is generated at the purchase order level and transferred to the requisition; therefore, voucher payments should follow the PO terms.

14.0 DIRECT DEPOSIT PAYMENTS

- 14.1 The City and the Office of the Comptroller encourage eligible vendors to receive their payments via Automated Clearing House (ACH).
- 14.2 City employees are also encouraged to receive their non-payroll reimbursements by ACH.
- 14.3 ACH is a highly reliable form of transferring funds electronically.
- 14.4 Funds are deposited directly into the vendor's bank account and a check advice is mailed to the remittance address or e-mailed to department or vendor if requested.
- 14.5 The ACH file is uploaded to Wells Fargo after each check run. Payments are posted to the vendor's bank account within 2 days.
- 14.6 All direct deposit forms should be forwarded to Purchasing
- 14.7 A vendor with a Letter of Assignment or a Notice of Levy is not eligible to receive payments by direct deposit.
- 14.8 Pension refunds requested by the Pension Administration will be processed as a check and not be paid out as ACH payments. It is necessary for the City Pension Administration to provide the paper check to the terminated employee in order to finalize some requirements.

15.0 FORMS 1099M and 1099R

- 15.1 1099M form- As part of the 1099 information return statutory reporting requirement by the Internal Revenue Service (IRS), the City must obtain accurate taxpayer identification number (TIN) information and certification from U.S. persons (including resident aliens) or from foreign persons.
 - 15.1.1 The annual period is from January to December of the calendar year.
 - 15.1.2 The Form is due to the vendor by January 31st of the following year.
 - 15.1.3 The Form must be filed in electronic format to the IRS by March 31st
- 15.2 City must issue Form 1099-Misc for miscellaneous income for each vendor who was paid during the year:
 - 15.2.1 At least \$600 in rents, services, medical and healthcare payments.
 - 15.2.2 Gross proceeds to an attorney.
 - 15.2.3 Or withheld any federal income tax under the backup withholding rules regardless of the amount of the payment
- 15.3 1099R form- The City must issue Form 1099-R for employees who applied with
- 15.4 the Pension Administration for a refund of their pension contributions which includes:
 - 15.4.1 Withholding Taxes
 - 15.4.2 Interest
 - 15.4.3 Distributions
 - 15.4.4 Rolled Over Distributions

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- 15.5 Correcting Forms-Payers must be aware of when to file corrections and potential filing penalties but most importantly, the types of corrections and how to make them.
- 15.5.1 Many departments are unsure of what payments are subject to 1099 reporting. Please direct vendor with questions regarding the form to Office of the Comptroller.

16.0 GIFTS PROHIBITED

Please see Ethics Ordinance No. 17112 adopted on April 21, 2009 which can be found on the City Attorney's website.

17.0 LOST OR STOLEN CHECK

- 17.1 If a check is lost or stolen, the department must notify Accounts Payable immediately.
- 17.2 Upon discovering that a prepared and signed check is lost or stolen, the department should immediately contact Treasury Division and the Financial Transactions Division.
- 17.3 Checks can be voided or void and re-issued as soon as it has been confirmed that the "Stop Payment" was successful.
- 17.4 In case of theft, the department should notify the Police Department and attach a copy of the police report to their Stop Payment request.

18.0 MILEAGE REIMBURSEMENTS

- 18.1 The City reimburses employees for travel performed in a privately owned vehicle while conducting City business if approved by appropriate staff.
- 18.2 The City will reimburse mileage using the standard mileage rate set by the Internal Revenue Service (IRS).
- 18.3 You can also refer to the IRS website, www.irs.gov for the current rate.
- 18.4 City employees make their request for reimbursement on a monthly basis.
- 18.5 Requests must be submitted with a proper form, proper documentation and approval from appropriate staff.
- 18.6 All payments for mileage reimbursement will be made by direct deposit.
- 18.7 Employees are required to fill out the direct deposit form and send to Office of the Comptroller for processing.

19.0 NOTICE OF PAYMENT ASSIGNMENT

- 19.1 A Notice of Assignment is a written notice that is provided to the City to indicate that a vendor has assigned their rights of payment to another entity.
- 19.1.1 Unless the City receives a written notice from a vendor, no assignment of any kind will be made.
- 19.1.2 The notice of assignment may assign payment rights to another entity for all payments or for specific payments, perhaps related to a particular contract.

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- 19.1.3 Given the complexities and legal issues that may arise from such an assignment, ALL notice of assignments must be sent to Office of the Comptroller for handling.
- 19.2 Financial Transaction Division will take the necessary steps to have the Legal Department review the notice of assignment and make the determination of whether or not it is appropriate to sign off on the document.
 - 19.2.1 Departments SHOULD NOT sign any assignment documents.
 - 19.2.2 Once the assignment is reviewed and signed by the Comptroller a copy of the assignment will be distributed to the following:
 - 19.2.2.1 Chief Financial Officer
 - 19.2.2.2 Accounts Payable Supervisor
 - 19.2.2.3 Appropriate Department Accounts Payable staff
 - 19.2.2.4 Staff at the Purchasing Division responsible for entering vendors in PeopleSoft.
- 19.3 If the vendor has a notice of assignment, the “payment tab” in the PeopleSoft system must be reviewed thoroughly to ensure that the payment is being sent to the correct party and address.
- 19.4 Since a letter of assignment provides specific payment and mailing instructions, a vendor with a letter of assignment must be paid via check

20.0 NOTICE OF TAX LEVY

- 20.1 A Notice of Levy is a written notice issued by the US Treasury – Internal Revenue Services that provides that there is a lien for the amount that is owed by a vendor.
- 20.2 Upon Notice of Levy, the City is to make a reasonable effort to identify all monies due to the levied vendor
- 20.3 If funds are identified as owed to the vendor, the City is required to turn over the monies to the US Treasury on behalf of the person named in the Notice of Levy.
- 20.4 The vendor’s file is updated to include the US Treasury as the “Remit To” address to reflect accurate 1099 amounts for year end.
- 20.5 Since a notice of levy provides specific payment and mailing instructions, a vendor with a notice of levy may not sign-up for ACH payments.

21.0 PAYMENT MANAGER

- 21.1 During the daily check run, the ACH vendor payment file is created and automatically placed in a folder where Wells Fargo picks it up for processing. Vendor will receive payment within 2 days.
- 21.2 Confirmation of the ACH received by Wells Fargo is verified against our ACH register to ensure timeliness and accuracy.

22.0 P-CARD PURCHASES

- 22.1 Another form of payment for goods and services is the City of El Paso P-Card.
- 22.2 The P-Card is managed by the City through Wells Fargo.
- 22.3 For more information on the P-Card, please see the P-Card Procedure Manual.
- 22.4 Departments should verify that invoices paid via p-card are not subsequently processed thru PeopleSoft (and vice versa).

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23.0 PERSONAL SERVICES CONTRACTS

- 23.1 All personal services contracts are required to have an agreement signed by all parties and approved by the City Council.
 - 23.1.1 Once this agreement has been signed and authorized, a purchase requisition should be entered.
 - 23.1.2 Once the individual or group on the contract has provided the services, it then becomes necessary to process payment through the Accounts Payable process.
 - 23.1.3 A four way matching system is utilized in order to ensure that proper payment is deemed appropriate.
 - 23.1.4 The following four documents must be matched in order to process payment:
 - 23.1.4.1 Fully executed agreement,
 - 23.1.4.2 Resolution by Council,
 - 23.1.4.3 City of El Paso purchase order, and
 - 23.1.4.4 Original invoice from vendor
 - 23.1.5 If an original invoice is not available, please see [Section 14.4](#) for more information.
- 23.2 All invoices should be reviewed for compliance with the Personal Services Contract that was approved.
 - 23.2.1 The supervisor, or authorizing official, should sign off on the document to ensure that there is compliance with the contract or quoted prices.
 - 23.2.2 If an invoice does not have the price listed on the quotation, do not process.
- 23.3 Once the “Voucher Packet” is completed, payment is processed electronically in the PeopleSoft system.

24.0 PROCESSING CHECKS/ADVICES

- 24.1 All vouchers entered and to be paid must have the following:
 - 24.1.1 Approval signatures on invoice
 - 24.1.2 Scanned documents attached to voucher
 - 24.1.3 Budget Checked and Matched
 - 24.1.4 Invoices are due 30 days from day of receipt of invoice
 - 24.1.5 Vouchers should be entered within one business day of invoice due date to avoid payment delays.
- 24.2 All vouchers must have appropriate approvals before processing for payment.
- 24.3 Checks are processed daily and are issued in accordance with agreements and or terms per the Purchase Order.
- 24.4 Do not assume a check will be issued solely on the premise it was entered or submitted by the cut-off date.
- 24.5 All vouchers are approved at the departmental level electronically; payments over \$3,000 are submitted to the designated approvers in Office of the Comptroller for electronic approval.

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- 24.6 If needed, the Chief Financial Officer may request additional supporting documentation for payments over \$3,000. Any department wishing to pick-up checks must have their department specific key for pick-up
- 24.7 Checks being held for pickup will be made available after 1:00 p.m. on Mondays, Tuesdays, and Wednesdays and after 2:30 p.m. on Thursdays.
- 24.8 The Office of the Comptroller reserves the right to mail checks at their discretion and to adjust the schedule for pickups without prior notice due to unforeseen circumstances.
- 24.9 The daily check run for Monday through Wednesday will pick up scheduled payments up to 3 days in advance. Thursday check run will pick up scheduled payments up to 4 days in advance (given that vouchers are approved and budget valid checked). This will ensure that payment terms are met and avoid paying late fees.

25.0 PROMPT PAYMENT FEES

- 25.1 Pursuant to Government Code Title 10, Subtitle F, Chapter 2251, the City is obligated to pay interest at the time of payment on goods and services if the payment is overdue.
- 25.2 For contracts executed on or after September 1, 1987, a payment is considered overdue on the 31st day after the later of:
 - 25.2.1 The date the City receives the goods under the contract;
 - 25.2.2 The date the performance of the services under the contract is completed;
 - OR
 - 25.2.3 The date the City receives an invoice for the goods or service.
- 25.3 The City may not require the vendor to petition or bill to receive the payment of interest.
 - 25.3.1 The City shall pay the interest at the time the payment is made on the principal or with the amount net due to the goods or services.
 - 25.3.2 The interest begins to accrue on the date that the payment becomes overdue.
- 25.4 Effective June 29, 2006, the rate of interest that accrues on an overdue payment is the rate in effect on September 1 of the fiscal year in which the payment becomes overdue. The maximum rate in effect on September 1 is equal to the sum of:
 - 25.4.1 One percent per month or 12% annually.
 - 25.4.2 The prime rate as published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.
- 25.5 Interest on an overdue payment stops accruing on the date the City mails or electronically transmits the payment.
- 25.6 Fees will be taken into consideration in overall budget status.

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26.0 SALES AND USE TAX NUMBER

- 26.1 The City is exempt from the payment of sales and use taxes on all purchases within Texas.
 - 26.1.1 Do not pay sales and use taxes included on invoices.
 - 26.1.2 An exemption letter can be provided to vendors upon request.
 - 26.1.3 Meals purchased at restaurants are NOT exempt from sales and use taxes.
 - 26.1.4 The hotel occupancy tax is not a sales and use tax and therefore must be paid.
- 26.2 The City is liable for collection and payment of the sales and use tax on City sales and rental transactions.
- 26.3 Personal use of the City's sales and use tax number is prohibited
- 26.4 Further, pursuant to a letter from the Internal Revenue Service dated April 15, 2004, the City is also not subject to Federal Income Tax under the provisions of Section 115(1) of the Internal Revenue Code.

27.0 EXPRESS CHECKS

- 27.1 Requests for express checks will be approved only in extenuating or emergency situations.
- 27.2 All requests need to come from the Department Head and submitted to either the Fiscal Operations Manager, the Comptroller or the AP Supervisor
- 27.3 The Treasurer must also be notified by the Fiscal Operations areas of the amount of the express check.
- 27.4 Please plan in advance and ensure vouchers are completed and submitted on a timely basis to avoid the need for an Express Check run.

28.0 VENDOR SET-UP

- 28.1 If a vendor is new or does not appear on the Vendor List, the department will need to ask the vendor to complete a Vendor Information packet including a signed and dated Form W-9.
- 28.2 Submit completed vendor forms to the Purchasing Department for set up.
- 28.3 Encourage vendors to sign-up for direct deposit payments.
- 28.4 For one-time vendors or for a vendor who will receive less than \$600 in payments:
 - 28.4.1 A signed Form W-9 is not necessary.
 - 28.4.2 However, complete the form on behalf of the vendor and provide as much information as possible including the taxpayer ID or social security number, if available.
- 28.5 Financial institutions are exempt from taxes and as part of their policy will not provide Form W-9. In these cases:
 - 28.5.1 Prepare the form on behalf of the institution and provide as much information as possible.
 - 28.5.2 Request that either the Accounts Payable Supervisor or Financial Transaction Division Office of the Comptroller review and sign the form.

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- 28.5.3 The form will be forwarded to Purchasing who will issue a unique vendor ID.

29.0 VIOLATIONS (Accounts Payable)

- 29.1 Violations include, but are not limited to:
- 29.1.1 Checks are not stored in a secure place or are held for an extended period of time. Unless checks are to be distributed within a 5-day period, the payment should not be processed as "Due Immediately".
 - 29.1.2 City Departments do not notify Accounts Payable about lost or stolen checks.
 - 29.1.3 Checks clear the bank but the departmental Accounts Payable clerk does not have the documentation or the amount that cleared the bank when it is different from the Accounts Payable document.
 - 29.1.4 Original receipts or other appropriate supporting documents are not attached to the voucher.
 - 29.1.5 The department does not reveal business meals, refreshments, recruiting, or entertainment expenses as required when processing payment to vendor.
 - 29.1.6 The check is used to reimburse an employee for out-of-pocket expenses without the written approval of the next higher supervisory authority.
 - 29.1.7 The department pays for travel-related, prepaid expenses without attaching copies of appropriate travel forms.
 - 29.1.8 Checks are voided without a valid reason and without supervisor /managers approval.
 - 29.1.9 A payment is processed to oneself.
 - 29.1.10 Payments are entered into the system without approval and/or without supporting documents.
- 29.2 Violations may result in disciplinary action up to and including termination of employment.

30.0 VOID CHECK PROCEDURES

- 30.1 A check may be "Voided" when:
- 30.1.1 A check has been recorded in the financial system (PeopleSoft or Positive Pay).
 - 30.1.2 A check is lost or stolen.
 - 30.1.2.1 The department must notify Accounts Payable immediately upon discovering that a prepared and signed check is lost or stolen.
 - 30.1.2.2 The Treasury will then immediately prepare a Stop Payment Request.
 - 30.1.3 There is a valid reason for voiding checks. For example:
 - 30.1.3.1 Vendor received a duplicate payment or was incorrectly paid
 - 30.1.3.2 The check has not cleared the bank after ninety (90) days after issue.

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- 30.2 Voiding checks must not be a routine procedure due to continuous errors by the department's accounts payable staff.
- 30.3 The Treasury Division records the void on the Positive Pay system which informs the bank to remove the check from their records.
- 30.4 The Accounts Payable staff at Office of the Comptroller records the void in the PeopleSoft system.
- 30.5 A "Voided Check Register" is printed and maintained to monitor the voids and reissues processed.
 - 30.5.1 This register is used:
 - 30.5.1.1 To monitor requests made by departments
 - 30.5.1.2 To address abuse of procedure
 - 30.5.1.3 To capture any violations or misuse.
 - 30.5.1.4 By the Treasury Division to reconcile outstanding checks at the end of the month and/or at year-end.
- 30.6 Please attach this form to the new vendor form. You will need to provide both prior to requesting a new vendor in the system.

31.0 YEAR END CLOSING

- 31.1 Year end closing date is determined each year by the Accounts Payable and Financial Accounting & Reporting section at Office of the Comptroller and will be announced to departments during year end training and/or by email.
- 31.2 Departments are responsible for timely data entry and processing of vouchers that need to be paid by August 31. To ensure that year end vouchers are processed in the correct fiscal year, review accounting and budget dates for these vouchers.
- 31.3 For vouchers received after the closing date, contact the staff at Financial Accounting & Reporting to discuss appropriate action needed.
- 31.4 Office of the Comptrollers run various queries to identify vouchers not posted and amounts not posting all general ledger accounts.

32.0 CONCLUSION

- 32.1 If you cannot find policies and procedures in this manual that relate to your question or if you need clarification for any of the states policies, please contact Accounts Payable at 212-1146 or 212-1169 for assistance.
- 32.2 All City Departments are responsible for accurate and timely payment of all invoices. This includes all payments on purchase orders, blanket purchase orders, check requests, travel advances and travel expense vouchers, petty cash, freight bills, and contract payment for construction.
- 32.3 In addition, all City Departments are also responsible for the accurate account distribution of expenditures.
- 32.4 Inquiries from vendors regarding the status of unpaid invoices should be handled by the Departmental accounts payable staff.

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